



Warning to Parents: How Big Tobacco Targets Kids Today

Despite legal settlements and laws that have curtailed some of their marketing, tobacco companies still spend huge sums – more than \$10 billion a year – to promote their deadly and addictive products, and they continue to entice and addict America’s kids.

The recently released 2012 Surgeon General’s report, *Preventing Tobacco Use Among Youth and Young Adults*, concluded that the scientific evidence “consistently and coherently points to the intentional marketing of tobacco products to youth as being a cause of young people’s tobacco use.”

Tobacco marketing is less visible in the United States today because tobacco ads are banned on television, radio and billboards and less common in magazines and newspapers. The tobacco industry has been shamed into retiring Joe Camel and the Marlboro Man, the notorious marketing icons that lured kids for so long. But tobacco companies continue to aggressively market their products, and their strategies often have the greatest impact on kids – the “replacement smokers” the industry needs for the 443,000 Americans who die every year from tobacco-related diseases.

Tobacco companies spend \$10.5 billion a year – more than one million dollars an hour and nearly \$29 million each day – to market cigarettes and smokeless tobacco products in the U.S., according to the latest reports on tobacco marketing issued by the Federal Trade Commission (for 2007 and 2008). Despite restrictions placed on their marketing by the 1998 legal settlement between the states and tobacco companies, tobacco companies increased their total marketing expenditures by 52 percent between 1998 and 2008.

Recent trends in tobacco marketing include:

- **Heavy marketing and discounting in convenience stores:** Tobacco companies today spend more than 90 percent of their total marketing budget – nearly \$10 billion a year – to advertise and promote their products in convenience stores, gas stations and other retail outlets. Tobacco companies pay stores billions to ensure that cigarettes and other tobacco products are advertised heavily, displayed prominently and priced cheaply to appeal to kids and current tobacco users. This marketing is very effective at reaching kids because two-thirds of teenagers visit a convenience store at least once a week. Studies have shown that exposure to tobacco marketing in stores and price discounts increase youth smoking.
- **Increased marketing of smokeless tobacco:** Tobacco companies have significantly increased marketing of smokeless tobacco products, and they have introduced an array of colorfully-packaged and sweetly-flavored smokeless products, some of which look, taste and are packaged like candy. Since the 1998 settlement, smokeless tobacco marketing has

skyrocketed by 277 percent to \$547.9 million in 2008. In addition to marketing traditional chewing tobacco in kid-friendly flavors such as cherry, apple and citrus, tobacco companies have introduced new dissolvable and easily concealed tobacco products, called sticks, strips and orbs, that look like mints, breath strips and toothpicks.

- **Proliferation of cheap, sweet-flavored “little cigars”:** Tobacco companies have introduced a growing number of smaller cigars, called little cigars or cigarillos, with sweet flavors, colorful packaging and cheap prices, all of which makes them appealing to kids. These products come in flavors such as peach, apple, grape and cherry and carry names such as “Swisher Sweets” and “Sugarillos.”
- **New versions of cigarette brands most popular with kids:** Tobacco companies know that Marlboro, Newport and Camel are the three most popular cigarette brands among youth smokers. They keep these brands fresh and appealing by introducing new brand extensions such as Marlboro Black, Newport Red and Camel Crush.

Despite Restrictions, Tobacco Companies Still Market to Kids

These strategies come as tobacco marketing has been significantly restricted by the 1998 Master Settlement Agreement that ended the states’ lawsuits against the major tobacco companies and by a 2009 federal law, the Family Smoking Prevention and Tobacco Control Act, which gave the U.S. Food and Drug Administration the power to regulate tobacco products and marketing.

The settlement and the FDA law have eliminated several highly visible forms of tobacco marketing, including tobacco billboards and transit advertising, tobacco-brand sponsorships of sports and entertainment events, and distribution of non-tobacco items, such as hats and T-shirts, marked with tobacco brand names or logos.

The FDA law also banned the sale of candy and fruit-flavored cigarettes, sales of cigarettes in so-called “kiddie packs” of less than 20, vending machine and self-service sales of cigarettes and smokeless tobacco except in adult-only facilities, and the use of misleading terms such as “light” and “low-tar” that imply some cigarettes are less harmful.

These are all positive steps that make it more difficult for tobacco companies to target children. But these actions have not eliminated tobacco marketing that appeals to kids, and the tobacco companies have a long history of responding to marketing restrictions by circumventing them and shifting their marketing dollars to new strategies. In fact, their business model depends on continuing to target new, young customers because they know that 90 percent of all smokers begin while in their teens, or earlier.

Numerous internal tobacco industry documents, revealed in various lawsuits against the industry, show that the tobacco companies have long perceived adolescents as a key market, studied their smoking behavior and developed products and marketing campaigns aimed at them. One Philip Morris document stated, “Today’s teenager is tomorrow’s potential regular customer.” Similarly, a Lorillard Tobacco document stated, “[T]he base of our business is the high school

student.” And an R.J. Reynolds document infamously referred to younger customers as “the only source of replacement smokers” for those who quit smoking or die from tobacco-related disease.

In August 2006, U.S. District Court Judge Gladys Kessler issued a landmark ruling finding that the tobacco companies have violated civil racketeering laws and defrauded the American people by lying for decades about the health risks of smoking and their marketing to children. Judge Kessler’s final opinion found that, from the 1950s to the present, the tobacco company defendants “have intentionally marketed to young people under the age of twenty-one in order to recruit ‘replacement smokers’ to ensure the economic future of the industry.”

The 2012 Surgeon General’s report found that, while the tobacco industry has stated that its marketing only promotes brand choices among adult smokers, this marketing actually encourages underage youth to smoke: “Tobacco companies have long argued that their marketing efforts do not increase the overall demand for tobacco products and have no impact on the initiation of tobacco use among young people; rather, they argue they are competing with other companies for market share. In contrast, the weight of the evidence from extensive and increasingly sophisticated research conducted over the past few decades shows that the industry’s marketing activities have been a key factor in leading young people to take up tobacco, keeping some users from quitting, and achieving greater consumption among users.”

So it is no surprise that, despite the restrictions on their marketing, the tobacco companies continue to promote their products in ways that appeal to kids, and to introduce new products that entice young customers. Here in greater detail is information on the tobacco industry’s current strategies.

Heavy Advertising and Discounting of Tobacco Products in Convenience Stores

Since the 1998 tobacco settlement, tobacco marketing in convenience stores, gas stations and other retail outlets has soared. In 2008, the most recent year for which tobacco marketing data is available, tobacco companies spent more than 90 percent of their total marketing budget – nearly \$10 billion – to market cigarettes and other tobacco products in the retail environment. The objective of this point-of-sale marketing is to promote, place and price tobacco products to make them most appealing and maximize sales, including to children. Point-of-sale marketing includes:

- Tobacco advertisements and other branded items, such as shelving units, counter mats and shopping baskets, that are located inside, outside, and on the property of convenience stores, gas stations and other retail outlets.
- Payments to retailers to prominently display a company’s brands, ads and related materials in the most highly visible locations and shelving. Tobacco company documents note that “eye level is buy level,” so they pay careful attention and spend large sums of money to ensure that tobacco products are placed where they will be seen.

- Price discounts paid to retailers, coupons and multi-pack discounts (e.g., buy two packs, get one free), all of which makes tobacco products cheaper and more accessible to consumers, especially kids.

Point of sale marketing is highly effective at reaching kids. Studies show that two-thirds of teenagers visit a convenience store at least once a week. Convenience stores are where children and adolescents buy candy, soda and afterschool snacks, and as a result are regularly exposed to tobacco advertising and promotions. The volume of tobacco brand imagery and product placement in convenience stores helps make harmful tobacco products appear normal and appealing to kids, and price discounts make them affordable to kids. Studies have found that point-of-sale advertising and price discounting have a powerful impact on kids, increasing the likelihood that they will experiment with cigarettes and become regular smokers.

Increased Marketing of Smokeless Tobacco and Introduction of New Candy-Like Products

With smoking on the decline in the U.S. and increasingly restricted in work places and public places, tobacco companies have nearly tripled their marketing of smokeless tobacco products and introduced an array of new, even dissolvable products with potential appeal to kids.

Total smokeless tobacco marketing has increased by 277 percent since the 1998 tobacco settlement and more than doubled from 2005 to 2008, according to the Federal Trade Commission. In 2008, the most recent year for which data is available, tobacco companies spent \$547.9 million to market smokeless tobacco products, up from \$145.5 million in 1998. This marketing budget goes to promoting a wider variety of smokeless tobacco products than ever before:

- Tobacco companies continue to aggressively market traditional smokeless tobacco products, often in kid-friendly flavors (such as cherry, apple and citrus Skoal).
- They have introduced and promoted teabag-like smokeless products, called snus, that bear the brand names Marlboro and Camel, which are the most popular cigarette brands among youth. Camel Snus are sold in colorful tins and have been marketed with elaborate ads in magazines and newspapers.
- Tobacco companies have also introduced an array of novel smokeless tobacco products, including R.J. Reynolds' Camel Sticks, Strips and Orbs, which look like toothpicks, breath strips and mint candy. These products could appeal to kids because of their candy-like packaging, appearance and flavor, and also because they dissolve like mints and could be used without detection at school or even at home. Philip Morris USA is also test-marketing "smokeless tobacco sticks" that carry the Marlboro and Skoal brand names and look like chocolate-covered toothpicks. These products appear so different from traditional smokeless tobacco products and so easy to conceal that kids could be using them without parents or teachers realizing that they are using tobacco. Despite their appearances, these products cause and sustain nicotine addiction.

Given the large increase in smokeless tobacco marketing and the introduction of this array of new smokeless products, it is not surprising that smokeless tobacco use has increased by 36 percent among high school boys since 2003 (from 11 to 15 percent reporting smokeless tobacco use in the past month), according to the U.S. Centers for Disease Control and Prevention.

Proliferation of Cheap, Sweet-flavored “Little Cigars”

In recent years, the tobacco industry has introduced a growing number of smaller cigars, called little cigars or cigarillos, with sweet flavors, colorful packaging and cheap prices, all of which make them appealing to children.

Swisher, Inc., offers a variety of chocolate, strawberry, peach, grape, and other flavored little cigars under the name “Swisher Sweets.” Phillies Cigarillos similarly come in many flavors, including “Sugarillos” for “when sweet isn’t sweet enough.” John Middleton, Inc., a subsidiary of the Altria Group, sells Black & Mild brand little cigars in flavors that include apple, cherry, wine and cream. With their colorful packaging and sweet flavors, these cigar products can be hard to distinguish from the candy displays near which they are frequently placed in retail outlets.

The 2009 law giving the FDA over tobacco products banned the sale of candy and fruit-flavored cigarettes, but does not currently apply to cigars. The tobacco industry is evading that flavoring ban by marketing flavored “little cigars” that entice kids.

Because they can be bought individually rather than in a pack and are taxed at lower rates than cigarettes, kids also find these little cigars to be more affordable and accessible than cigarettes, which can cost more than \$5 per pack.

Nationally, cigar smoking is the second most common form of tobacco use among youth. According to the most recent CDC data (for 2009), 14 percent of high school students currently smoke cigars, compared to 19.3 percent who smoke cigarettes.

But youth cigar smoking has climbed sharply in some states, reaching the same or higher levels than cigarettes, a trend health officials link to the proliferation of flavored little cigars. In Massachusetts, 18 percent of high school boys currently smoke cigarettes, but 22 percent smoke cigars. In Maryland, about as many high school students (13.9 percent in 2010) smoke cigars as smoke cigarettes (14.1 percent).

Brand Extensions of Cigarette Brands Most Popular with Kids

Tobacco companies know that more than 80 percent of youth smokers prefer Marlboro, Newport and Camel, the three most heavily advertised cigarette brands. In recent years, they have introduced numerous cigarette brand extensions and even smokeless tobacco products that carry these brand names popular with youth. These brand extensions keep the cigarette brands fresh and appealing, and their use on smokeless products could entice youth.

R.J. Reynolds, for example, has introduced brand extensions of its Camel cigarettes that include Camel No. 9 aimed at female smokers and Camel Crush that comes with a menthol-filled pellet that provides menthol flavoring when crushed. Lorillard has introduced a non-menthol version of its best-selling Newport cigarettes, called Newport Red. Philip Morris recently introduced a new version of its best-selling Marlboros called Marlboro Black. These youth-popular brand names have also been extended to new smokeless tobacco products, such as Camel Snus, Marlboro Snus and Camel Sticks, Strips and Orbs.

The aggressive marketing of tobacco products to our children underscores the need for elected officials at all levels to take equally aggressive action to protect our children. Proven strategies to reduce tobacco use include higher tobacco taxes, comprehensive smoke-free workplace laws, well-funded tobacco prevention and cessation programs that include mass media campaigns, and effective regulation of tobacco products and marketing. These strategies can protect our children and reduce the terrible toll of tobacco use, the number one cause of preventable death in the United States.